

Executive Summary

This Article looks into the topic: Employees turnover at Latex Foam Company Limited in Ghana. An alarming employee turnover at the company has prompted the researcher to look into the causes of employee turnover at the company. A thorough research into the causes of employee's turnover at the company reveals that employees leave the company because of better opportunities elsewhere and job dissatisfaction resulting from inter-departmental squabbles, lack of employees/subordinates participation in decision making, bored with the day-to-day work, lack of communication flow and high level of formalization. Higher rate of pay, more value benefits packages and better long-term career opportunities, elsewhere are some of the pull factors causing some of the employees to leave the company. Some of the employees leave because of unavoidable and involuntary reasons /factors

Looking at the effect the employees' turnover has on the costs, productivity and operations in general, such as increased costs of staffing and training; dwindled market share; disruption of business units operations and increase work load; and decrease in productivity, of the company, a number of solutions have been given, which is meant each category of the factors (Push factors, pull factors, unavoidable turnover and involuntary turnover) causing turnover in the company. It is the fervent hope of the researcher that in future other researchers will either delve very deep into the topic and or continue from where the researcher ended.

1.0 Introduction

Employees are seen as the assets/resources of an organization. Like any other assets, how long an employee is going to stay with an organization is determined by how well the organization treats the employee. Employees are likely to stay when there is a predicable work environment (Zuber, 2001). In an organization where the work environment is not good, there is a likelihood of high labor turnover. The term “employee turnover” is defined by price (1977, P.15) as ‘the ratio of the organizational members who have left during the period being considered divided by the average number of people in that organization during the period’ in (Gustafson, 2002).

Frequently, managers refer to turnover as the entire process associated with filling a vacancy (Wood, 1995) in (Gustafson, 2002).

In this work the writer is going to look at high labor turnover organizational problem, in Latex Foam Rubber Company Limited in Ghana.

1.0.1 Company Background

Latex Foam Rubber Company Limited is a manufacturer and exporter of polyurethane flexible foam, spring mattresses and pillows. The firm has been supplying top of the line products since its incorporation in March 1969. In 1972, three years after its inception, Latex Foam started the production of Spring Interior Mattresses. The Interior production and assembly of the unit springs for the mattresses were done at the factory premises. Today Latex Foam has stood the test of time and is the oldest in the industry. It is also the leading manufacturer of quality Foam products in Ghana and West Africa.

Latex Foam products are sought by furniture upholstery manufacturers, assembly plants, department stores, hotels, hospitals, government institutions and the general public. The company’s has subsidiaries in Togo, Burkina Faso, Mali, Niger, Benin Republic, Ivory Coast and Angola, making the company one of the premium suppliers of polyurethane foam products in West Africa.

2.0 High Labor Turnover at Latex Foam Company Limited and its Impact on the Company

The company quite recently has started experiencing high labor turnover. Labor turnover as the determination of employment with an organization can be voluntary or involuntary (Kusluvan, 2000). Voluntary turnover occurs when an employee initiates the termination of their employment of their own will whereas with the involuntary turnover employment is terminated against the wishes of the employee (Kusluvan, 2003). Available statistics at Human Resource Department shows that the rate of labor turnover in the company has increased from last year June figure of 20% to 35% in January (Sourced from the HR Department of the company). This recent high labor turnover rate in the company has manifested itself in the form of the following:

2.0.1 Increased Costs of Staffing and Training

Due to dissatisfaction, employees do intend to leave the company. The company has to recruit new staff to replace those who have left the organization. The newly employed workers have to be trained, which has increased the company's costs of recruitment and training from 15% to 25% (Sourced from the HR Department of the company)

2.0.2 Dwindled Market Share

The high employees' turnover of the company has resulted in the reduction of the company's market share. According to the marketing manager of the company, Mr. Osei Bonsu Yiadom, the market share of the company has reduced by 5%. This is partly due to the fact that the experienced sales forces of the company are leaving. The newly recruited sales force has not yet established their feet to be able to turn the company's products into sales very fast.

2.0.3 Disruption of Business Unit's Operations and Increase Workload

According to the production manager of the company, the quitting of some of the workers from the company has disrupted operations. This is because when a staff leaves the company, it will take some time before the company will be able to replace the staff. This has led to an increased workload of the remaining workers as those who have the requisite skills to do the work of the workers who have left are ask to do.

2.0.4 A Decrease in Productivity

Whereas functional turnover is seen as beneficial to an organization, dysfunctional turnover has a negative impact on an organization's productivity because the good employees quit the organization (Locke, 2000). The productivity of the organization has fallen because the company is losing its good employees. According to the production manager of the company, the productivity of the Company has fallen by 10% of 2009 outputs of 25,000 units. The impact of employees' turnover on the organization is known now. The question that one may ask is: what causes the turnover?

3.0 Causes of Employees High Labor Turnover in the Company

Griffeth and Hom (1995) provide an overview of turnover process. Central to these theories is the concept that employee dissatisfaction is central to the employee's intention to terminate employment (Kusluvan, 2003). Abelson and Baysinger (1984) see the turnover process as beginning with employee dissatisfaction, thoughts of quitting, undertaking a job search, evaluating prospects, and culminating in decision to quit (Taylor, Murphy and Price, 2006)

A major mistake some organizations, of which Latex Foam Company Limited is of no exception, make that normally result in job dissatisfaction is that they assume that salary is the only reason an employee is considering leaving. They forget to think that salary alone is not enough to ensure job satisfaction and employee's motivation (Jex, 2002). Absence of professional challenge, greater autonomy over one's work and support of employees can result in turnover (Jex, 2002). In Latex Foam Company, the causes of employees' turnover can be categorized into four: pull factors, push factors, unavoidable factors and involuntary factors.

3.0.1 Pull factors

With the pull factors leading to employee turnover or resignation, the employees leave the company not because they are not satisfied with their current job/company. They may be wholly satisfied, but nonetheless decide to move on in search of something better (Taylor, 2002). The following pull factors have been identified as some of the reasons why employees resign from the company:

3.0.1.1 Higher rate of pay

The management of the company, for every employee that leaves the company, conducts exist interview to find out why the person is leaving the organization. Most of the workers who leave the company, they leave not because of job dissatisfaction with company, but are attracted by higher salary somewhere which is serving as a bait to lure them to that company.

3.0.1.2 More value benefits packages

Some of the employees resign from the company because they have been attracted by more valued benefits packages in another organization. They can obtain bonuses and other fringe benefits somewhere in another organization which, though the company offers bonuses and other fringe benefits to the workers, are more than they are receiving in their current employment.

3.0.1.3 Better long-term career opportunities

Exits interview normally organized by management reveals that some of the employees leave the company not because they are not satisfied with organization, but there are opportunities for better long-term career opportunities somewhere in another organization, such as an opportunity to work overseas. The frequency of promotion in the newly found organization is higher.

3.0.1.4 Desire to work with a particular management team

Some of the employees also leave in order to spend sometime working for a high profile or well respected employer as to build a portfolio of such experience (Taylor, 2002).

3.0.2 Push factors

The perception underlying the push factors is that something is wrong with the existing employer (Taylor, 2002). The quit is caused by employees' dissatisfaction with the current organization, but not positive attraction of alternative employment. The following factors have been identified as some of the push factors causing turnover in the organization:

3.0.2.1 Lack of inter-functional integration

Lack of inter-functional integration is another issue causing a high labor turnover in the organization. The various departments of the organization are not functionally well integrated.

There are inter-departmental squabbles within the organization. These squabbles or misunderstanding among the various departments are sometimes due to differences in values, motivation and goals (Shavinina, 2003). Employees who cannot withstand regular squabbles and misunderstandings leave the company.

3.0.2.2 Lack of employees' participation in decision- making Process

The cause of this problem is due to the fact that in the organization power and authority are concentrated in the top hierarchy with the subordinates just there as a mere implementers of the organization policies. In the company almost all decisions are “cooked” by the top management with the absence the subordinates' participation in decision-making process (Scieulli, 1998). Employees have been shown to react favorably, and therefore stay longer, in positions where they are involved in some level of the decision-making process (Gustafson, 2002).

3.0.2.3 Bored with the day-to-day work

Study of the management of the organization has shown that some of the employees quit the organization because they are bored or fed up with the day-to-day work. This problem normally emanates from division of labor. Division of labor creates boredom. A person will work on one kind of job assign to all the time. This can create boredom. Therefore some of the workers quit the job and start looking for something different (Taylor, 2002).

2.0.2.4 High level of formalization

In Quality Furniture Company Ltd, there are strict adherence to rules and regulations. Individual employees are to go strictly according to the laid down rules and regulations in the company. There is rigidity as far as the adherence of the company's rules and regulations are concern. Though good as it helps to ensure uniformity of employees' behavior and conduct, it has a reverse side of killing creativity and innovation in the organization (Sternberg, 1999). Employees who cannot work under such strict rules and regulations decide to give it a quit.

2.0.2.5 Lack of communication flow

Management in all has a lot of problems in their agenda. Some of these problems can be solved using the orthodox or routine way of solving problems, but some of the problems need creative

thinking.' Last, but not the least problem facing the company is inadequate communication flow in the company. This is due to the centralized nature of the company's structure. Power, responsibility and authority have their settlement at the top so there is no constant flow of communication among employees. This lack of communication flow has the effect of killing creativity and innovation and also delaying decision- making process in the company. The next for type of turnover in the organization is unavoidable turnover

2.0.3 Unavoidable turnover

As the name implies, this is a type of turnover of which the organization has no control. The resignation does not occur because of dissatisfaction with job, or the perceived opportunities provided elsewhere, but for reasons that are unconnected to work in ant direct sense (Taylor, 2002). The most common are as follows:

2.0.3.1 Retirement

Retirement is unavoidable in an organization. This affects almost everyone at some stage

2.0.3.2 Illness

Illness is often a cause because it incapacitates either employee or relative for whom he or she has caring responsibility.

2.0.3.3 Maternity

Some of the women in the company often do not return to the company after their leave, either to take a break from works altogether or in order to secure a job that makes it easier for them to combine with childcare arrangement (Taylor, 2002)

2.0.3.4 Relocation

Some of the employees leave the job in order to follow or join up with a spouse or partner. The remaining category of turnover in the organization is the involuntary turnover.

2.0.4 Involuntary turnover

This category of employee turnover is initiated by the organization. An employee would have stayed with the organization had it not been the fact that there the following factors: redundancies, ending of fixed term contracts, lay offs and dismissal of one kind or another (Taylor, 2002). The question now is how can this problem of employee turnover, which is making the organization lose its competent employees to competitors, be solved?

4.0 Solution to the problem

It could be seen that almost all the push factors causing employees' turnover in the organization emanate from job dissatisfaction. In Mobley's model the sequential linkage for turnover proceeds in basically the following fashion: one is an evaluation of one existing job; two experienced job dissatisfaction; three is thoughts of quitting; four evaluation of the expected utility of job and search cost of quitting one's current job; five is the intention to search for alternatives; six is the search for alternatives; seven the evaluation of alternatives; eight is the comparison of available alternatives to the current job; nine the intention to quit, ten is quitting (Jones, 1991). This might mean the main cause of employee quitting a job is job dissatisfaction which may prompt the employee to evaluate the existing job. Even if it is not job dissatisfaction which prompts an employee to evaluate the existing job does it out of intuition, if after evaluation and the one finds satisfaction from the existing job, the one might not leave. This means to solve the problem of turnover, there is a need to ensure job satisfaction

This means to solve the problem of employee turnover in the organization, the organization must try to ensure job satisfaction. The findings of Hom and colleagues show that supervision, promotion process, employee communication and fringe benefits are positively correlated with job satisfaction and negatively correlated with intent to leave and voluntary turnover (Taylor, Murphy and Price, 2006).

The solutions to the problem are going to be looked at under the heading of the factors causing turnover in the organization.

4.0.1 Solution to the Push factors

4.0.1.1 Improve the quality of work life

The company must pay a greater attention to enhancing the quality of work life of the organization. The company must make sure that all tools needed by the employees to do their work are provided. The working environment should be conducive. Employees must be protected, for example, against work place accidents and hazards such as providing them with helmet against work related accidents and comfortable seats for staff.

4.0.1.2 Improve quality of supervision

Personal experience has shown that most of the employees that leave organization are due to poor supervision from supervisors. Some supervisors are very bossy. Any word that may come from them contains more elements of force than persuasion. To ensure quality of supervision from supervisors, there is a need for the company to select supervisors with great care and provide them with better training and appraise them more effectively in terms of their supervisory skills(Taylor,2002).

4.0.1.3 Examine the policy of the organization

The company must diagnose the policy of the company with a view to improving the fairness of its operations. It is not every element in the policy of an organization that worth implementing. Some elements in an organization's sometimes serve as 'ghost' to scare employees, to make them run away from the organization. Therefore, there is the need for management of the organization to dive deep into the policy of the organization and, if possible, remove any element that sees scare employees. By examining the policy of the organization, it can help management to ensure its fair operation (Taylor, 2002).

4.0.1.4 Promote employee motivation

The company should promote employee motivation by offering financial and non financial rewards. Recognition is important to workers as it makes one to feel important in the society or at workplace. (Miller, 2010) Non financial motivation can be done by giving awards for best performer and "thank you" notes for an employee who has attended a customer an extra mile without being told by a supervisor, or providing occasional cards to employees will add value to

an individual. Birthday cards and or a cake can be given to an employee during his/her birthday (Bruce and Pepitone, 1998).

4.0.1.5 Improve communication, exit interview and internal audit

To deal with employees' turnover, there should be informal communication among employees and management exit interview and internal audit. The exit interview is conducted to find out why an employee is leaving the organization (Bruce and Pepitone, 1998). The communication among employees will help unravel problems each employee is facing and also ensure a rapport between management and subordinates. The internal audit will help the company unravel any problems that the employees are facing.

4.0.1.6 Increase Employees' Work Competency

Research has shown that there is a strong positive correlation between increased levels of employee training and decreased turnover (Marquis, and Huston, 2008). This means that for Latex Foam Company Limited to seal the exits of its employees' turnover, the company must offer training to its workers/employees. This will also increase the employees' competency and thus increase their output. Employees' competency can also be increase through feedback. Management must give feedback to the employees about their performance. Employees, work competency can be ensured through development programs, seminars, simulation and workshop (Marquis, and Huston, 2008).

4.0.1.7 Structural Intervention

To avoid high employee turnover due to lack of participation of subordinates in decision making process, for example, there should be what Freeman and Medoff (1984) characterize as employment relationship of 'voice' as opposed to one of 'exit(Taylor, 2002)'. The company should provide a structure as well as a culture, which encourages the resolution of dissatisfaction internally before it generates unwelcome resignations(Taylor, 2002) If employees are given the opportunity to express their grievances, and to have their grievances heard, they are less likely to see leaving as their first option . The company should flatten the structure of the organization to give way to decentralization to ensure subordinates' participation in the decision-making process.

4.0.1.8 Leadership Intervention

Achieving good relations between supervisors and subordinates helps to embed employees within organizations, and thereby provides disincentive for employees to quit (Marrow, Suzuki and Crum, 2005). The leader member exchange (LMX) theory posits that the relationship between a supervisor and employee develops as a result of work- related exchange between these two individuals. These relationships can be good or bad. A good relationship can create disincentive for employees to quit an organization while a bad relationship has been observed to explain employees' quit decision (Griffeth and Hom, 2001) in (Marrow, Suzuki and Crum, 2005).

4.0.2 Solution to the Pull factors

Also, according to expertise, because pull factors are at work, the company will gain little by seeking to enhance job satisfaction, but it will be necessary to find out what employees really value, they are look for in their careers and to enhance the organizations ability to provide(Taylor, 200). This view in trying to solve the solution of turnover resulting from pull factors is in agreement with Maslow statement, and the writer quotes: "Man is a wanting animal; only an unsatisfied need can motivate behavior" (Armstrong, 2002, pg.58).

From this statement of Maslow, what employers need to do is to always try to identify the needs of workers before they try to motivate them. A worker who has three different kinds of television may not be motivated by giving him or her television. A certificate of recognition, for example, will motivate him/her more than the television. Identification of employees' needs in the company can be done to administration of questionnaire, or interview or any other survey. After identifying the needs, then the company should try as much as possible to motivate the employees' base on their needs.

4.0.2 Solution to involuntary turnover

4.0.2.1 Good recruitment and selection

Good recruitment and selection of candidates can help reduce poor performance of employees. This is because good recruitment of candidates will make sure that good calibers of candidates are employed into the organization. This can be ensured by attracting a large pool of potential candidates and make sure pool decision are avoided when deciding who to offer a job to (Taylor, 2002). Candidates should be made to pass through personality test and recruiters should make sure the right candidates are selected

4.0.2.2 Good supervision

Good supervision can reduce involuntary turnover resulting from dismissal of employees due to poor performance. This is because well-managed employees tend to give of their best (Taylor, 2002)

5.0 Conclusion

In fact the researcher has actually looked into the topic of employee turnover in Latex Foam Company in Ghana. A lot of research has been done on the topic, looking at the causes, effects and solution of turnover in the company. This organizational problem, resulting mainly from employee's job dissatisfaction, has increased the costs and decreased productivity of the company. Whereas some of the causes of the turnover are unavoidable and therefore difficult to control, a number of suggested solutions have been give to control the causes arising mainly through job dissatisfaction and inadequate incentives and other motivational factors. In fact the topic has been well looked into, but there is always more room for improvement. It is therefore the fervent hope of the researcher that in future other researchers will continue from where the writer ended or give the topic another review.

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